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January 30, 2006

 Sonja D. Kerr
 Disability Law Center of Alaska
 3330 Arctic Blvd., Suite 103
 Anchorage AK 99503

via facsimile 565-1000

Re: NS v. ASD; KJ v. ASD & KS v. ASD

Dear Sonja:

I have had an opportunity to review with my client your response to our December 20 settlement offer for the above pending lawsuits for attorney's fees and costs. ASD is willing to settle these claims on the following terms.

1. Hourly rate. We will agree to an hourly rate for you at \$225.00 for these pending cases. We wish to preserve the right to reconsider that agreement in the future should the need arise.
2. Rule 68 training. We accept this proposal but want to further discuss the timing of this training and whether it needs to occur annually. We would welcome any materials that you wish to offer and your participation in at least the first couple of training sessions.
3. Settlement of pending lawsuits. ASD will agree to pay the sum of \$29,000.00 to resolve all claims in the above matters. We will pay this amount to you and you can allocate the funds to these matters as you choose. However, we will notify the court in each matter that the parties have settled all claims and stipulate to dismiss each action with prejudice.

Please contact me if you have any questions. Please prepare the appropriate stipulations for dismissal in each matter and submit them to me for review.

Very truly yours,

Jermain, Dunnagan & Owens, P.C.

Bradley D. Owens

cc: J. Sjolander

3227.883 - 113926

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